UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2000

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File #0-18018

AEROVOX INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	76-0254329
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

167 John Vertente Boulevard, New Bedford, MA 02745
(Address of principal executive offices) (Zip Code)

(508) 994-9661
Registrant's telephone number

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No_

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

At November 14, 2000, 6,141,924 shares of registrant's common stock (par value, $1.00) were outstanding, 700,000 of which are restricted and redeemable under Stockholder Agreements as described in the footnotes to the financial statements included in the registrant's most recent Annual Report on Form 10-K.

AEROVOX INCORPORATED
Condensed Consolidated Statements of Operations
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Oct. 2, 1999	Sept. 30, 2000	Oct. 2, 1999
Net sales	$ 25,770	$ 26,718	$ 86,070	$ 85,728
Cost of sales	22,887	21,941	72,702	69,868
Gross profit	2,883	4,777	13,368	15,860
Selling, general and administrative expenses	4,312	4,254	13,166	12,574
Income (loss) from operations	(1,429)	523	202	3,286
Other income (expense):				
Interest expense	(706)	(468)	(1,822)	(1,330)
Other income	446	107	352	100
Income (loss) before income taxes	(1,689)	162	(1,268)	2,056
Provision for income taxes	164	58	270	822
Net income (loss)	$ (1,853)	$ 104	$ (1,538)	$ 1,234
Basic and diluted earnings (loss) per share	$ (0.34)	$ 0.02	$ (0.28)	$ 0.23
Weighted average number of shares outstanding	5,435	5,399	5,425	5,396

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

AEROVOX INCORPORATED
Condensed Consolidated Balance Sheets
(Amounts in thousands)
(Unaudited)

	Sept. 30, 2000	Jan. 1, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,182	$ 742
Accounts receivable, net	17,306	14,881
Inventories	22,854	17,511
Prepaid expenses and other current assets	3,132	2,214
Total current assets	45,474	35,348
Property, plant and equipment, net	35,859	27,521
Goodwill, net	3,665	3,989
Deferred income taxes	3,592	3,592
Restricted cash	758	-
Other assets	220	70
Total assets	$ 89,568	$ 70,520
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 11,569	$ 8,285
Accrued compensation and related expenses	2,628	2,540
Other accrued expenses	2,452	2,090
Current maturities of long-term debt	6,921	7,362
Income taxes	362	47
Total current liabilities	23,932	20,324
Deferred income taxes	4,060	4,100
Industrial revenue bond	409	800
Long-term debt less current maturities	31,581	13,571
Reserve for environmental costs and plant remediation	6,482	6,470
Deferred compensation	403	503
Redeemable common stock	2,324	2,546
Stockholders' equity:		
Common stock	5,435	5,404
Additional paid-in capital	1,145	1,078
Retained earnings	14,653	15,969
Accumulated other comprehensive loss	(856)	(245)
Total stockholders' equity	20,377	22,206
Total liabilities and stockholders' equity	$ 89,568	$ 70,520

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

AEROVOX INCORPORATED
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	Nine Months Ended September 30, 2000	Nine Months Ended October 2, 1999
Cash flows from operating activities:		
Net income (loss)	$ (1,538)	$ 1,234
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	3,563	3,670
Loss on disposal of assets	-	(3)
Changes in operating assets and liabilities:		
Accounts receivable	(2,856)	(1,693)
Inventories	(5,653)	1,591
Prepaid expenses and other current assets	(1,154)	(297)
Accounts payable	3,422	(1,758)
Accrued expenses and other liabilities	871	(1,117)
Income taxes payable	407	301
Net cash provided by (used in) operating activities	(2,938)	1,928
Cash flows from investing activities:		
Cash paid to acquire Capacitores, net of cash acquired	-	(1,721)
Acquisition of property and equipment	(11,912)	(2,056)
Deposit into EPA trust fund and cash interest received	(774)	-
Other	(373)	87
Net cash used in investing activities	(13,059)	(3,690)
Cash flows from financing activities:		
Net borrowings (repayments) under lines of credit	11,252	(1,665)
Long-term borrowings	10,748	12,671
Repayment of long-term debt	(4,385)	(9,156)
Cash paid for debt issuance costs	(195)	-
Proceeds from employee stock purchase plan and exercise of stock options	98	16
Net cash provided by financing activities	17,518	1,866
Effects of exchange rates on cash	(81)	(26)
Increase in cash	1,440	78
Cash at beginning of year	742	1,149
Cash at end of period	$ 2,182	$ 1,227

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

AEROVOX INCORPORATED
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements should be read in conjunction with Aerovox Incorporated's ("the Company") Annual Report on Form 10-K for the fiscal year ended January 1, 2000, and the consolidated financial statements and footnotes included therein. In the opinion of management, the accompanying consolidated financial statements include all adjustments, consisting of only normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to Securities and Exchange Commission rules and regulations. The condensed consolidated balance sheet data as of January 1, 2000, included herein, is derived from the Company's audited financial statements as of January 1, 2000.

Fiscal year 2000 consists of 52 weeks, and will end on December 30, 2000.

Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current presentation.

(2) INVENTORIES

Inventories consist of the following (in thousands):

	September 30, 2000			January 1, 2000		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Raw materials	$6,365	$3,752	$10,117	$5,948	$3,429	$9,377
Work in process	2,549	647	3,196	1,949	359	2,308
Finished goods	8,168	1,373	9,541	4,838	988	5,826
	$17,082	$5,772	$22,854	$12,735	$4,776	$17,511

(3) NET INCOME (LOSS) PER SHARE (BASIC AND DILUTED)

Net income (loss) per share is computed based on the weighted average number of common and common equivalent shares outstanding during the period, calculated under the treasury stock method.

(in thousands, except for share and per share data)

	For the Three Months Ended September 30, 2000			For the Three Months Ended October 2, 1999			For the Nine Months Ended September 30, 2000			For the Nine Months Ended October 2, 1999		
	Net loss	Shares	Per share amount	Net income	Shares	Per share amount	Net loss	Shares	Per share amount	Net income	Shares	Per share amount
Basic Earnings (Loss) Per Share	$ (1,853)	5,434,565	$ (0.34)	$ 104	5,398,537	$ 0.02	$ (1,538)	5,424,982	$ (0.28)	$ 1,234	5,396,354	$ 0.23
Dilutive Securities:												
Options		0			505			0			505	
Redeemable Common Stock		0			0			0			0	
Diluted Earnings (Loss) Per Share	$ (1,853)	5,434,565	$ (0.34)	$ 104	5,399,042	$ 0.02	$ (1,538)	5,424,982	$ (0.28)	$ 1,234	5,396,859	$ 0.23

Options to purchase 396,750 shares of common stock at prices ranging from $3.95 to $9.63 per share were outstanding at September 30, 2000, but were not included in the computation of diluted earnings per share for the three and nine months ended September 30, 2000 because the effect would be anti-dilutive.

Redeemable common stock aggregating 700,000 shares were not included in the calculation of diluted earnings per share for the three and nine month periods ended September 30, 2000 because the effect would be anti-dilutive.

The redeemable common stock was not included in the calculation of diluted earnings per share for the three-month and nine-month periods ended October 2, 1999 because the book value per common share exceeded the average fair market value of the Company's outstanding common stock. Under these conditions, it is presumed that the redeemable common stock would be redeemed at the book value per common share and become treasury stock.

Options to purchase 740,875 shares of common stock at prices ranging from $2.813 to $9.625 per share were outstanding at October 2, 1999, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of common shares during the three months ended October 2, 1999. Options to purchase 6,000 shares of common stock at the price of $2.50 were outstanding at October 2, 1999, and were included in the calculation of dilutive shares under the treasury stock method because they had a dilutive effect on earnings per share for the three and nine months ended October 2, 1999.

(4) COMPREHENSIVE INCOME

The Company's comprehensive income (loss) was as follows (in thousands):

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2000	Oct. 2, 1999	Sept. 30, 2000	Oct. 2, 1999
Net income (loss)	$ (1,853)	$ 104	$ (1,538)	$ 1,234
Foreign currency translation adjustment	(200)	389	(611)	103
Total comprehensive income (loss)	$ (2,053)	$ 493	$ (2,149)	$ 1,337

(5) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). In June 1999, SFAS 137 "Deferral of the Effective Date of SFAS 133" was issued to amend the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Under SFAS 133, the accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation. The Company will adopt SFAS 133 for its fiscal year beginning December 31, 2000. Management estimates that the effect of adopting SFAS 133 would not have a material impact on the Company's historical financial position or results of operations.

In March 2000, the Financial Accounting Standard Board issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation – An interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequence of various modifications to the terms of previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, but certain conclusions in FIN 44 cover specific events that occurred after either December 15, 1998 or January 12, 2000. The Company does not expect the application of FIN 44 to have a material impact on the Company's historical financial position or results of operations.

(6) DEBT

On March 21, 2000, the Company entered into a fifteen-year financing agreement with a bank and an investment company affiliated with the bank. Under the terms of the agreement, the Company received $10.2 million of adjustable rate financing collateralized by the Company's new facility in New Bedford, Massachusetts, which includes real property and manufacturing equipment. The Company entered into a staged interest rate swap in order to fix the interest rate at 7.66% over fifteen years. As of September 30, 2000, $10.2 million was covered by the interest rate swap. Including all amortizable fees, the effective interest rate is 9.26%. The agreement contains a financial covenant requiring the Company to maintain a minimum debt service coverage ratio. The Company was in violation of the minimum debt service coverage ratio covenants at September 30, 2000, on two of its loan agreements. The lenders waived their rights to accelerate payment of these loans for these violations.

(7) RESTRUCTURING COSTS

In December 1999, the Company recorded charges of $5,676,000 related to the exit costs from certain activities and asset impairments arising from the consolidation and relocation of certain facilities. Of this amount, charges of $4,723,000 related to the impairment of property, plant and equipment and $344,000 related to the write-off of certain inventory were recorded in the Company's Consolidated Statements of Operations and against the respective assets. A charge of $609,000 related to involuntary employee terminations was recorded in the Company's Consolidated Statement of Operations and accrued for as of January 1, 2000. The involuntary terminations were a result of the closure and consolidation of plants in Mexico and the closure of foil processing operations in the United Kingdom. As a result of these actions, 54 employees were identified for termination, primarily from production, supervisory and manufacturing support functions.

In the nine months ended September 30, 2000, the Company terminated 25 employees and paid $291,000 of involuntary termination costs which were accrued as of January 1, 2000. The severance accrual was reduced by $100,000 to reflect voluntary terminations of employees who were included in the original restructuring reserve calculation. Management believes the severance accrual ($207,000 at September 30, 2000) to be sufficient to meet the requirements for the remaining employee termination costs.

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results of Operations

Three Months Ended September 30, 2000 compared with Three Months Ended October 2, 1999.

Net sales for the third quarter of 2000 totaled $25.8 million compared with $26.7 million for the third quarter of 1999, a decrease of $0.9 million or 3.5%. The decrease in net sales for the quarter resulted principally from the impact of pricing concessions and lower demand for capacitors sold into the motors market.

Gross profits for the third quarter of 2000 decreased to $2.9 million or 11.2% of net sales compared with $4.8 million or 17.9% of net sales for the same period in 1999. Gross margin declined due in part to pricing pressures, but more significantly as a result of $1.2 million of expenses related to facility and product line relocations, and approximately $0.5 million of expenses incurred to troubleshoot and correct problems related to new production equipment and processes.

Selling, general and administrative expenses for the third quarter of 2000 totaled $4.3 million or 16.7% of net sales, the same spending level as in the third quarter last year.

Additional borrowings in 2000 for the new building and equipment in New Bedford along with funding for relocation activities and higher interest rates have resulted in increased interest expense, $0.7 million in the third quarter compared with $0.5 million for the same quarter last year. Other income reflects patent royalties and exchange rate gains.

The loss before income taxes of $1.7 million compares to income of $0.2 million in the same quarter last year. No benefit from U.S. income taxes was recorded because there are no prior earnings with which to offset the net operating loss. The provision for income taxes reflects foreign income taxes in Mexico and England. The resulting net loss of $1.9 million, or $0.34 per share, compares to net income of $0.1 million, or $0.02 per share, in the third quarter of 1999.

Nine Months Ended September 30, 2000 compared with Nine Months Ended October 2, 1999.

For the first nine months of 2000, net sales were $86.1 million, an increase of $0.4 million compared with $85.7 million for the first nine months of 1999. This increase resulted principally from the contribution to sales from CGE Aerovox, acquired in April 1999, offset by pricing concessions and lower demand for capacitors sold into the motors market.

Gross profits for the first nine months of 2000 decreased to $13.4 million or 15.5% of net sales compared with $15.9 million or 18.5% of net sales for the same period in 1999. Gross margin declined due in part to pricing pressures, but more significantly as a result of $1.9 million of expenses related to facility and product line relocations, and approximately $0.5 million of expenses incurred to troubleshoot and correct problems related to new production equipment and processes.

Selling, general and administrative expenses for the three quarters of 2000 totaled $13.2 million or 15.3% of net sales compared with $12.6 million or 14.7% of net sales for the same period in 1999. The increase resulted from higher personnel and recruiting costs as well as the effect of the April 1999 acquisition of CGE Aerovox.

Additional borrowings in 2000 for the new building and equipment in New Bedford along with funding for relocation activities and higher interest rates have resulted in increased interest expense, $1.8 million in the nine-month period compared with $1.3 million for the same period last year. Other income reflects patent royalties and exchange rate gains.

Loss before income taxes was $1.3 million or 1.5% compared with income of $2.1 million or 2.4% of net sales in the first three quarters of 1999. No benefit from U.S. income taxes was recorded because there are no prior earnings with which to offset the net operating loss. The provision for income taxes reflects foreign income taxes in Mexico and England. For the respective nine-month periods, the net loss is $1.5 million, or $0.28 per share, compared with net income of $1.2 million, or $0.23 per share

Liquidity and Capital Resources

Cash and cash equivalents at the end of the third quarter of 2000 totaled $2.2 million compared with $0.7 million as of January 1, 2000. The Company's working capital, as a result of the increase in cash equivalents, accounts receivable and inventories offset by an increase in accounts payable, totaled $21.5 million at September 30, 2000, compared to $15.0 million at January 1, 2000. Inventories have risen to accommodate customer delivery schedules during the relocation of production lines in North America. Management expects that inventories will begin to decline in the fourth quarter as the Company completes its relocation projects. The Company's current ratio at September 30, 2000 was 1.90:1, compared with a ratio of 1.74:1 at January 1, 2000. At the end of the third quarter of 2000, the Company had borrowings of $38.9 million compared with $21.7 million at January 1, 2000. Of the increase, $10.2 million resulted from debt incurred to finance the Company's new facility in New Bedford and approximately $7.0 million represents funding of operations and relocation expenses through the Company's revolving lines of credit.

On March 21, 2000, the Company entered into a fifteen-year financing agreement with a bank and an investment company affiliated with the bank. Under the terms of the agreement, the Company received $10.2 million of adjustable rate financing collateralized by the Company's new facility in New Bedford, Massachusetts, which includes real property and manufacturing equipment. The Company entered into a staged interest rate swap in order to fix the interest rate at 7.66% over fifteen years. As of September 30, 2000, $10.2 million was covered by the interest rate swap. Including all amortizable fees, the effective interest rate is 9.26%. The agreement contains financial covenants requiring the Company to maintain a minimum debt service coverage ratio and a maximum debt leverage ratio. The Company was in violation of the minimum debt service coverage ratio covenants at September 30, 2000, on two of its loan agreements. The lenders waived their rights to accelerate payment of these loans for these violations.

The Company's revolving credit agreement with a U.S. bank provides for a credit line of $14.4 million and is collateralized by certain accounts receivable and inventory. The agreement, which matures on May 31, 2002, includes several borrowing options which, for the quarter ending September 30, 2000, had interest rates ranging from 8.56% to 9.50%. The outstanding balance of the credit line at September 30, 2000 was $14.0 million. The Company was in compliance with all financial covenants specified by the agreement at September 30, 2000.

BHC has an agreement with a bank which provides for (i) a ten-year mortgage on real property in the amount of 0.5 million British pounds with an outstanding balance at September 30, 2000 of 0.5 million British pounds ($0.7 million), (ii) a five-year loan collateralized by machinery and equipment in the amount of 0.5 million British pounds with an outstanding balance at September 30, 2000 of 0.4 million British pounds ($0.5 million) and (iii) an "Overdraft" credit line allowing borrowings in British pounds, euros or U.S. dollars up to the equivalent of 2.5 million British pounds with an outstanding balance at September 30, 2000 of 2.1 million British pounds ($3.1 million). With the exception of the five-year loan collateralized by plant and machinery, which has a fixed rate of interest of 7.15%, interest is charged at variable rates based upon the bank base rate. The ten-year mortgage agreement includes certain financial covenants. At January 1, 2000 BHC was in violation of two covenants regarding interest coverage and net worth. On February 24, 2000 the lender waived its right to accelerate payments on this loan with respect to the violation through January 1, 2001.

BHC has an agreement with another bank which provides for a five-year loan at 8.00% per annum collateralized by machinery and equipment in the amount of 0.8 million British pounds with an outstanding balance at September 30, 2000 of 0.8 million British pounds ($1.2 million).

The Company also has a term loan with an equipment financing company with an outstanding balance at September 30, 2000 of $6.6 million. This loan, collateralized by equipment at the Company's New Bedford and Huntsville, Alabama facilities, matures in 2005, and bears an annual interest rate of 7.8%. The Company was in compliance with all financial covenants of the agreement at September 30, 2000.

Other long-term debt of the Company consists of an Industrial Revenue Bond maturing on July 1, 2002, with an annual interest rate of 7.42% and quarterly payments on the principal. The outstanding balance at September 30, 2000 was $0.9 million.

The Company also has two notes payable to the original shareholders of Capacitores Unidos, S.A. de C.V. in the amounts of $1.1 million and $0.4 million, accruing interest at rates of 5.22% and 5.32% per annum, respectively, and due April 4, 2001 and April 5, 2002, respectively.

Aerovox de Mexico, S.A. de C.V., the Company's Mexico subsidiary, has a note payable to Compañía General de Electrónica, S.A. de C.V., in the amount $0.2 million which bears interest at 5.22% per annum and matures at April 1, 2001.

Management believes existing cash and short-term investments together with funds generated from operations will be sufficient to meet operating requirements for the next 12 months.

Other Matters

ENVIRONMENTAL STATUS

On December 2, 1999, the Company reached a final agreement with the U.S. Environmental Protection Agency regarding the remediation of polychlorinated biphenyls ("PCBs") present in its New Bedford facility. Under the agreement, the Company has agreed to relocate its Belleville Avenue operations to another site within 16 months, demolish the existing building and cap the site by November 2011.

In fiscal 1997, the Company recorded a provision of $13.0 million for environmental costs, plant remediation and impairment of assets. The provision included a $7.2 million reserve for environmental remediation and associated consulting, legal and engineering costs posted as a result of the identification of PCBs in the plant. From that date through September 30, 2000, $0.6 million was charged to the reserve, primarily for legal and engineering expenses.

Management believes the reserve is adequate for the cost of activities described above.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). In June 1999 SFAS 137 "Deferral of the Effective Date of SFAS 133" was issued to amend the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. The Statement establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Under the new Statement, the accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation. The Company will adopt SFAS 133 for its fiscal year beginning December 31, 2000. Management estimates that the effect of adopting SFAS 133 would not be material to the historical consolidated financial statements.

In March 2000, the Financial Accounting Standard Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation – an interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequence of various modifications to the terms of previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, but certain conclusions in FIN 44 cover specific events that occurred after either December 15, 1998 or January 12, 2000. The Company does not expect the application of FIN 44 to have a material impact on the Company's historical financial position or results of operations.

SAFE HARBOR STATEMENT

This form 10-Q contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

6 (a). Exhibits: None
6 (b). Reports on Form 8-K: On September 7, 2000, the Company filed Form 8-K relating to a change in its certifying accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AEROVOX INCORPORATED

DATE November 14, 2000

BY /S/ F. RANDAL HUNT
F. Randal Hunt
Senior Vice President and Chief Financial Officer

Aerovox®

Contact: F. Randal Hunt
Chief Financial Officer
508/ 910-3200

Aerovox Reports Third Quarter Results
Plant Moves Nearing Completion

NEW BEDFORD, MA (October 17, 2000) – Aerovox Incorporated (Nasdaq/ NM: ARVX) today reported results for the third quarter and nine months ended September 30, 2000.

Third quarter net sales were $25.8 million compared with $26.7 million for the same quarter last year, impacted by lower prices received for capacitor sales. Net sales for the nine-month period were $86.0 million compared with $85.7 million for the same period last year. Sales orders for the quarter and the nine-month period are up by 5% over the same periods last year. Gross profits of $2.9 million for the quarter were down from last year's $4.8 million due to pricing pressures, $1.2 million of expenses related to facility and product line relocations, and approximately $0.5 million of expenses incurred to troubleshoot and correct problems related to new production equipment and processes.

The Company expects to complete scheduled plant and production line moves, begun late last year, by the end of the year, two to three months later than initially planned. Activities underway include closing of one of its two plants in Juarez, Mexico, and transferring all production lines and support personnel from the existing New Bedford facility into a new plant, also in New Bedford. The administrative offices and several production lines are now operating out of the new facility in New Bedford. Two of three product groups in Juarez have also been successfully relocated to the surviving plant in Juarez. "The single most costly activity underway, cleaning existing equipment in New Bedford of PCBs, has taken longer and cost more than originally expected," said F. Randal Hunt, chief financial officer. "This has led to holding higher levels of inventories to ensure uninterrupted shipments to our customers. Approximately 80% of the equipment has now been cleaned and moved to the new plant and inventory levels should decline over the next three to four months, freeing up cash and allowing us to begin paying down debt."

"After a difficult and stressful quarter, we have put many critical tasks behind us and are nearing completion of the manufacturing relocations started last fall," said Robert D. Elliott, president and chief executive officer. "Our efforts have been accompanied by numerous challenges, some of which led to expenses that further lowered this quarter's gross profits, but we have maintained our focus on getting the job done without disruption to our customers."

Selling, general and administrative expenses were even with the third quarter of 1999 at $4.3 million. Additional borrowings in 2000 for the new building and equipment in New Bedford along with funding for relocation activities and higher interest rates have resulted in increased interest expense, $0.7 million in the third quarter compared with $0.5 million for the same quarter last year. Other income reflects patent royalties and exchange rate gains.

The loss before income taxes of $1.7 million compares to income of $0.2 million in the same quarter last year. No benefit from U.S. income taxes was recorded because there are no prior earnings with which to offset the net operating loss. The provision for income taxes reflects foreign income taxes in Mexico and England. The resulting net loss of $1.9 million, or $0.34 per share, compares to net income of $0.1 million, or $0.02 per share, in the third quarter of 1999. For the respective nine-month periods, the net loss is $1.5 million, or $0.28 per share, compared with net income of $1.2 million, or $0.23 per share.

Aerovox manufactures film, paper and aluminum electrolytic capacitors. The Company sells its products worldwide, principally to original equipment manufacturers as components in electrical and electronic equipment. In addition to its plant in New Bedford, Massachusetts, Aerovox has operations in Huntsville, Alabama; Juarez and Mexico City, Mexico; and Weymouth, England.

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Cost of sales	22,887	21,941	72,702	69,868
Gross profit	2,883	4,777	13,368	15,860
Selling, general and administrative expenses	4,312	4,254	13,166	12,574
Income (loss) from operations	(1,429)	523	202	3,286
Other income (expense):				
Interest expense	(706)	(468)	(1,822)	(1,330)
Other income	446	107	352	100
Income (loss) before income taxes	(1,689)	162	(1,268)	2,056
Provision for income taxes	164	58	270	822
Net income (loss)	$ (1,853)	$ 104	$ (1,538)	$ 1,234
Basic and diluted earnings (loss) per share	$ (0.34)	$ 0.02	$ (0.28)	$ 0.23

AEROVOX INCORPORATED
Condensed Consolidated Balance Sheets
(Amounts in thousands)
(Unaudited)

	Sept. 30, 2000	Jan. 1, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,182	$ 742
Accounts receivable, net	17,306	14,881
Inventories	22,854	17,511
Prepaid expenses and other current assets	3,132	2,214
Total current assets	45,474	35,348
Property, plant and equipment, net	35,859	27,521
Goodwill, net	3,665	3,989
Deferred income taxes	3,592	3,592
Restricted cash	758	-
Other assets	220	70
Total assets	$ 89,568	$ 70,520
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 11,569	$ 8,285
Accrued compensation and related expenses	2,628	2,540
Other accrued expenses	2,451	2,090
Current maturities of long-term debt	6,921	7,362
Income taxes	362	47
Total current liabilities	23,931	20,324
Deferred income taxes	4,060	4,100
Industrial revenue bond	409	800
Long-term debt less current maturities	31,581	13,571
Reserve for environmental costs and plant remediation	6,482	6,470
Deferred compensation	403	503
Redeemable common stock	2,325	2,546
Stockholders' equity:		
Common stock	5,435	5,404
Additional paid-in capital	1,145	1,078
Retained earnings	14,653	15,969
Accumulated other comprehensive loss	(856)	(245)
Total stockholders' equity	20,377	22,206
Total liabilities and stockholders' equity	$ 89,568	$ 70,520